

EDAC D-135/h

August 7, 1957

ECONOMIC DEFENSE ADVISORY COMMITTEE

MEMORANDUM

To: Chairman, Council on Foreign Economic Policy

From: Chairman, Economic Defense Advisory Committee

Subject: U. S. Economic Defense Policy

References: (1) NSC 5704/1
(2) Memorandum from CFEP Chairman to Admiral DeLany, 6/25/57



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The Economic Defense Advisory Committee has reviewed the assigned parts of economic defense policy (Reference (1)) and submits for consideration the revised draft of this policy, attached as Annex A. Paragraphs 8, 20, and 22 of Reference (1) have been under separate assignment as set forth in Paragraph 2 of your memorandum (Reference (2) above).

EDAC recommendations for revisions in economic defense policy (Annex A) are as follows:

Paragraph 1. A footnote has been added to cite appropriate other documentation which describes the agreed nature and duration of the threats to the security of the free world.

Paragraphs 2, 4, and 5 have been editorially revised to remove redundancy and to rearrange thoughts in more logical sequence without changing the meaning originally intended.

Two alternative recommendations have been made for a new Paragraph 9.

The proponents of Alternative A (State, Treasury, ICA and MDAC) and the proponents of Alternative B (Commerce, Defense and ODM) each suggest their language is necessary to set forth a course of action to meet the basic requirements for the development and maintenance of an appropriate multilateral trade control system.

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Three alternative proposals are recommended for Paragraph 21. The proponents of Alternative A (State and Treasury) have suggested in their language relatively broad actions with respect to multilateral and bilateral efforts to encourage other countries to maintain unilateral trade controls against Communist China at as restricted a level as possible.

Other EDAC agencies preferred, as Alternative B, the deletion of Paragraph 21. They believed that adequate direction is provided in Paragraph 9 (multilateral participation), Paragraph 10 (bilateral arrangements in support of multilateral controls), Paragraph 18 (bilaterals to avoid excessive dependence on the Sino-Soviet bloc), and under individual country or area policies elsewhere set forth by the NSC.

Alternative C was offered as a compromise by Commerce and supported by Defense, ODM, and Agriculture. It would limit any differential control effort to bilateral approaches to individual countries.

Alternative C also contains a proposed paragraph for inclusion as Paragraph 8 under GENERAL POLICY. It would provide the proposed course of action with firm policy basis which other agencies felt did not exist in support of Alternative A.

Paragraph 23 is proposed for addition to the policy with the agreement of all EDAC agencies except Defense, for the purpose of fixing the limitations which should be applied by the Administrator of the Mutual Defense Assistance Control (Battle) Act in determining the items which should appear on the lists published by him under that Act.

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EDAC wishes to report that operations have commenced within its structure to study and devise under Paragraph 9 (either Alternative) a multilateral control program best fitted for continued support by the United States after re-analyzing the appropriate targets for the controls and the best possible methods for deriving an effective strategic control system with a demonstrable impact.

Attached hereto as Annex B is a State Department progress report on the international trade control negotiations which have been recently carried out. This report is for submission through the CFEP to the National Security Council.

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